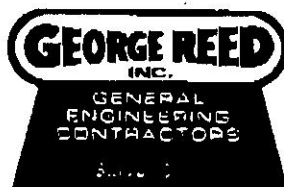


MODESTO OFFICE
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State Contractor's License No. 211337-A



July 2, 2015

California Department of Transportation
Division of Engineering Services
Office Engineer, MS-43
P.O. Box 168041
Sacramento, CA 95816-8041
Phone: (916) 227-6280
Fax: (916) 227-6282

Attention: John McMillan, Deputy Division Chief

Regarding: Contract 10-0Q2204 Amador County Near Hams Station RT 88
Bid Opened June 9th, 2015
Bid Protest Response

Dear Mr. McMillan:

GRI is the apparent low bidder on contract 10-0Q2204. The purpose of this letter is to respond the arguments set forth by Chester Bross Construction dated June 30th, 2015. As outlined below, the arguments lack merit and GRI should be awarded the contract. GRI presented a balanced bid and any arguments contrary are based upon a fictional analysis with an obvious misinterpretation by Chester Bross as to the exact nature of the work involved. George Reed Inc. bid per plans and specifications and the arguments provided by Chester Bross are a desperate attempt to try and delay the award process by utilizing a "cut and paste" version of a previous protest (see Chester Bross bid protest of contract 03-0W1904 for identical language).

George Reed Inc.'s Bid is Mathematically Balanced and Cal Trans will NOT pay unreasonably high prices for Contract Performance:

Chester Bross Claims that Bid Item 27 Tack Coat does not reflect George Reed Inc.'s reasonable cost and claims that this is demonstrated by comparing it to the cost of Bid Item 22 Asphalt Emulsion Membrane (BWC). Chester Bross also claims the total amount of Tack Coat that will be utilized to build this project will overrun if Tack Coat is placed over the SAMI-R portion of the work. The area of 186,849 SY in which Chester Bross states must receive a tack coat, is to receive a SAMI-R and not a tack coat. Per the Summary of Quantities on sheet Q-1 of the project plans, the Roadway Items chart clearly shows where the Tack is to be applied (Repair Failed Area and HMA Dike). GRI's calculations for the Tack Coat required for the Repair Failed Areas and HMA Dike show a slight underrun. This chart also makes it clear that Tack Coat is not intended to be placed on the SAMI-R. It is clear through design and standard industry practice, that tack coat is not intended to be placed on top of the SAMI-R. Chester Bross' assertion that "this does not work in most instances" is clearly speculation and has absolutely nothing to do with the bidding process. George Reed Inc. has performed SAMI-R

projects for Cal-Trans in the past and is currently performing the SAMI-R on an existing contract (10-0W6104) where, contrary to Chester Bross, Tack Coat has not been required on the SAMI-R. Chester Bross, by their own admittance in submitting this protest, clearly doesn't understand how to perform the work required on SAMI-R projects. Chester Bross' argument is that GRI must place tack coat over an area of approximately 186,849 SY is false. Tack Coat is to be placed within the Repair Failed Areas sections and area under HMA Dike only.

As far as references to previous projects and the unit price for Tack Coat, site conditions and productions that affect the placement of the Tack Coat differ greatly from this contract and cannot be used as a direct comparison. It should be known that GRI's unit price on that contract, as well as this contract, reflect fair overhead and profit added to the cost and nothing more. Once again an argument based strictly on speculation without any facts to back it up.

GRI's calculations for Tack Coat are as follows:

Bid Item 27 Tack Coat is to be placed in the following areas: Digouts, HMA Dike. The mathematical calculation as to how George Reed arrived at their unit price is as follows:

HMA Dike: 0.04 tons - included in A. C. Dike Company's price for placement of the AC.

Tack Coat for Repair Failed Areas: 10.78 tons

Buy (minimum 2 Tons per delivery) - \$475/ton

Delivery Charge - \$300/EA

Spread Charge - \$175/Hr

12 daytime shifts figured for Repair Failed Areas

Buy: 2 tons (minimum) X \$475/Ton X 12 Shifts = \$11,400

Deliver: 12 EA X \$300/EA = \$ 3,600

Spread: 8 Hrs/Shift X 175/Hr X 12 Shifts = \$16,800

Total = \$31,800

Pay Quantity = 11 Tons

Unit Cost = \$2,890.91

See Attached Quote from Pacific Northwest Oil

GRI's Unit price of \$3,000 represents a reasonable overhead and profit considering a cost of \$2,890.91.

Chester Bross' argument that the Asphaltic Emulsion Membrane (BWC) is an indicator of the unit price for Tack Coat is completely off base. Bid Item 22 Asphalt Emulsion Membrane (BWC) is a completely different operation than that of Bid Item 27 Tack Coat. A Tack Coat is applied by a "Boot Truck" substantially ahead of paving operations. An Asphalt Emulsion Membrane (BWC) is applied utilizing a specialized piece of equipment (Spray Paver), in which the asphalt binder is applied directly under the RHMA-G. Two completely different types of binder are used along with two different types of production operations. To be specific, for this contract, the boot truck will only be required for the repair failed areas in which a minimal tonnage is used each shift. Subsequently, this will drive the unit cost up. A spray paver will be utilizing a much more significant amount of emulsion per shift as the nature of an overlay is completely different than that of repairing failed areas. Subsequently, this will drive unit cost down.

Tack Coat has not and is not being placed on SAMI-R. Based on the information provided in the chart calculation, it is clear that George Reed's Unit Price reflects reasonable cost.

Chester Bross has provided no evidence whatsoever, besides speculation and false assumptions, to substantiate that GRI has mathematically or materially unbalanced the bid.

GRI did correctly fill out the required Subcontractor List and DBE Commitment Form:

Chester Bross is arguing that A. C. Dike Company cannot be counted toward the DBE commitment due to the fact that they were not listed on GRI's subcontractor list. Once again Chester Bross is proving that they do not understand the specifications by misinterpreting yet another requirement. There are two issues with Chester Bross' argument on this issue. First of all, in this case, A. C. Dike Company's total subcontracted price of \$14,541 is under the subcontractor listing limit. The subcontractor listing limit for GRI on this project would be \$32,888.54 (which would be .5% of the total bid of \$6,577,707 or \$10,000, whichever is greater). A. C. Dike Company's total equates to 0.22% of the total price.

Secondly, Chester Bross has misinterpreted and misquoted the DBE Commitment Form (a problem that happens when they copy and paste their protests). The DBE Commitment Form actually states "Show all DBE firms being claimed for credit, regardless of tier. Attach written confirmation from each DBE shown stating that it will be participating in the contract to perform the specific work shown for the specific amount agreed to. The names of the 1st tier DBE subcontractors and items of work must be consistent with the Subcontractor List (Pub Cont Code 4100 et seq)". Section 4100 of the Public Contracting Code is the Subletting and Subcontracting Fair Practices Act. The relevant portion of that section, in this case, is section 4104 (a)(1) which states the following:

4104. Any officer, department, board, or commission taking bids for the construction of any public work or improvement shall provide in the specifications prepared for the work or improvement or in the general conditions under which bids will be received for the doing of the work incident to the public work or improvement that any person making a bid or offer to perform the work, shall, in his or her bid or offer, set forth:

(a) (1) The name, the location of the place of business, and the California contractor license number of each subcontractor who will perform work or labor or render service to the prime contractor in or about the construction of the work or improvement, or a subcontractor licensed by the State of California who, under subcontract to the prime contractor, specially fabricates and installs a portion of the work or improvement according to detailed drawings contained in the plans and specifications, in an amount in excess of one-half of 1 percent of the prime contractor's total bid or, in the case of bids or offers for the construction of streets or highways, including bridges, in excess of one-half of 1 percent of the prime contractor's total bid or ten thousand dollars (\$10,000), whichever is greater.

The form is merely stating that, if the subcontractor meets the criteria to be listed in the Subcontractor Listing and is a DBE subcontractor, then it must be listed on both the subcontractor list and the DBE commitment form. In this case, AC Dike does not meet the

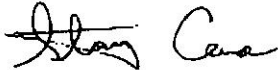
thresh-hold of being required to be listed on the subcontractor listing form. By listing A. C. Dike Company on the DBE commitment form but not on the subcontractors list, GRI has conformed to the requirements.

Chester Bross may be referring to a former requirement that applied to DVBE contracts. Although it is no longer the case, the DVBE commitment form used to read that any subcontractor listed on the DVBE commitment form must be listed on the subcontractor listing form **regardless of price**. This was never a requirement for the DBE commitment form. Once again further proof that Chester Bross does not read, does not understand and/or chooses to misinterpret the specifications and requirements to their own advantage.

Clearly Chester Bross' protest has no merit, just like contract 03-0W1904, and the project must be awarded to George Reed, Inc. the lowest responsive and responsible bidder.

Please call with any questions,

Respectfully,

A handwritten signature in black ink, appearing to read "Stacy Case", is written over a horizontal line.

Stacy Case
Chief Estimator
George Reed Inc.

Attachment: Pacific Northwest Oil Quote

2015-07-02 09:35

Received

Jul 2 2015 09:40am

GRI Con Admin 2095234313 >> 916 227 6282

P 6/6

6/9/2015 12:54 PM From: Eric Fax Number: 209-463-2566 Page 1 of 1

PACIFIC NORTHWEST OIL

3310 E. MINER AVENUE

STOCKTON, CA 95206

CALIFORNIA CONTRACTORS LICENSE # 705296

OFFICE

209 463-4762

DIR # 1000004865

FAX

209 463-2566

Todays Date: 09-Jun-15

OIL QUOTE # 7302

CUSTOMER:

CONTACT: ESTIMATOR

PROJECT NAME: 10-0Q2204

LOCATION: PIONEER

CONTRACT#:

BID DATE: 6/9/2015

• QUOTE IS FOR THE FOLLOWING:

11 TONS OF SS-1H

PRICE QUOTED: \$475 PER TON

TAX INCLUDED

DELIVERY CHARGE: \$300 EACH

SPREAD CHARGE: \$175.00 PER HOUR 4 HOUR MINIMUM

- IF SPREADING IS AT NIGHT HOURLY RATE IS: \$185.00 PER HOUR
- SAME MINIMUM APPLIES

Comments:

MINIMUM 2 TON OIL PURCHASE PER DELIVERY

PLEASE CALL ERIC HICKS @ 209 463-4762 IF YOU HAVE ANY QUESTIONS

DUE TO MARKET VOLATILITY THE PRODUCT QUOTED MAY BE INFLUENCED UP OR DOWN BY THE CALTRANS ASPHALT INDEX. ALL PRICES QUOTED STRAIGHT OR CUT WITH WATER. PROTECTION OF EXISTING CONCRETE AND STRIPING BY OTHERS. ALL IN ROUTE CANCELATIONS WILL BE CHARGED AT SPREAD RATE PORT TO PORT

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FAX TRANSMITTAL

Date: July 2, 2015

To: John McMillan, Deputy Chief
Company: State of California, Department of Transportation
Phone:
Fax: 916-227-6282

From: Stacy Case
Company: George Reed, Inc. – Modesto
Phone: (209) 523-0734
Fax: (209) 523-4927

Pages Faxed: 6

Project Name: 10-0Q2204

Comments: George Reed, Inc. response to Chester Bross Protest.

ORIGINAL TO FOLLOW BY US MAIL

Thanks, Stacy Case